

**CORAL GABLES INSURANCE ADVISORY COMMITTEE**

Minutes of September 27, 2017 – 8:00am

2801 Salzedo Street – Human Resources Department

Coral Gables, Florida

MEMBERS	O	N	D	J	F	M	A	M	J	J	A	S	APPOINTED BY
	17	17	17	17	17	17	17	17	17	17	17	17	
Gary Reshefsky	-	-	-	-	-	-	-	-	-	-	-	P	Mayor Raul Valdes-Fauli
Jose Soto	-	-	-	-	-	-	-	-	-	-	-	P	Vice-Mayor Frank Quesada
James Blough	-	-	-	-	-	-	-	-	-	-	-	P	Commissioner Pat Keon
Juan C. Diaz Padron	-	-	-	-	-	-	-	-	-	-	-	P	Commissioner Vincent Lago

A = Absent  
 E = Excused Absence  
 P = Present  
 - = No meeting  
 \* = New Board Member

**STAFF:**

Raquel Elejabarrieta, Director Office of Labor Relations & Risk Mgt  
 David Ruiz, Risk Manager

**GUESTS:**

Kenneth Ingersoll – Compensation and Benefits Manager

**RECORDING SECRETARY:**

Eglys Hernandez, Administrative Assistant

**OPENING:**

The Chairperson, Juan C. Diaz Padron, opened the meeting and everyone introduced themselves for the record. Meeting was called to order at 8:12 am.

**MINUTES APPROVAL:**

March 10, 2017

July 10, 2017

Motion to approve - Mr. Reshefsky / 2nd –Mr. Soto  
 Unanimously approved

**SECRETARY’S REPORT:**

Next meeting scheduled for Monday, November 16, 2017 – To be discussed: Provide program results and report on market conditions – Arthur J. Gallagher

**BOARD MEMBERS REPORTS:** None

**OLD BUSINESS:** None

## **NEW BUSINESS:**

Mr. Diaz Padron discussed the following 2 resolutions that were drafted by the City Attorney's office at his request:

1) Resolution - Change name and expand scope of the Insurance Advisory Committee to Insurance and Risk Management Advisory Board.

Mr. Reshefsky asked if there are any implications of being called a "board" or a "committee." Ms. Elejabarrieta stated that she does not believe there is any issue or difference between the two as the board is still an advisory board.

Motion to approve - Mr. Reshefsky / 2<sup>nd</sup> –Mr. Soto  
Unanimously approved

2) Resolution – Study and installment of protective bollards throughout City in order to protect pedestrians.

Mr. Diaz Padron expressed concern for the safety of pedestrians in public areas as a result of the incidents occurring worldwide where vehicles are being used as weapons. He stated that he would like the City to address having bollards placed at certain high pedestrian public areas as well as where public events such as the Farmer's Market, 5K runs and the Holiday Park are held. Mr. Diaz Padron also stated that in the past police vehicles have been used as barriers, but he feels that since vehicles have tires they will move if hit and not protect the pedestrians. Mr. Soto stated that having bollards throughout the City was a great proactive measure.

Mr. Blough stated he had the same concern in pedestrian areas such as Giralda. Mr. Blough also asked if there will be an increase in the number of cameras in public areas. Mr. Diaz Padron stated these would be more of a safety issue and he is aware several cameras already being present. Ms. Elejabarrieta stated that there are numerous cameras on miracle mile as part of the City's CCTV program.

Mr. Soto suggested that since Mr. Diaz Padron made the recommendation, the motion should also be made by him.

Therefore, Chairperson Diaz Padron passed the gavel to Vice Chair Soto  
Motion to approve – Mr. Diaz Padron / 2<sup>nd</sup> Mr. Reshefsky  
Gavel passed back to Chairperson Diaz Padron

## **HURRICANE IRMA UPDATE**

Mr. Diaz Padron asked for an update on Hurricane Irma – he also advised that he had communicated with various commissioners who had reviewed previous Committee meeting minutes and expressed that insurance-wise, they were comfortable with the City's insurance status.

Mr. Ruiz stated that it seemed that none of the damage at any City location would exceed the City's 5 % deductible per location. He advised that he has been in contact with the City 3<sup>rd</sup> party administrator, insurance broker and adjuster. Mr. Ruiz explained that some of the more common

issues being dealt are water intrusion like for example in the building next to City Hall and on the 2<sup>nd</sup> floor of the Public Safety Building. Mr. Ruiz also mentioned that there was damage sustained by a couple police vehicles struck by trees or branches.

Mr. Diaz Padron inquired about the status of the Youth Center. Mr. Ruiz advised that this location appeared to be the location that sustained the most damage.

Mr. Blough stated that he believed the building codes put into place after Hurricane Andrew assisted with having a better outcome this time.

Mr. Diaz Padron stated that he is concerned about the tree succession program going forward. In particular, Mr. Diaz Padron is concerned with recently planted mahogany trees, which he had previously mentioned to the City's landscaping team that he did not think were hurricane proof. Mr. Diaz Padron stated that the Mahogany trees that were recently planted completely snapped during Hurricane Irma. He inquired as to whether the contractor (or the City) is responsible for replacing the mahogany trees.

Ms. Elejabarrieta stated that neither she nor David had sufficient knowledge about the tree succession program to discuss it. She stated that if the Committee so requests, a representative from the City's landscaping department could make a presentation at the next meeting. Mr. Blough stated that the Mayor did speak about the City's tree succession program during his address at the Chamber's installation breakfast. Mr. Diaz Padron stated that his concern was mostly on the insurance. Mr. Diaz Padron stated that the last time the Committee met with the insurance brokers, he was under the impression that the information given to Committee at that time was that the contractors who installed the trees were responsible for the trees for a certain period and should a storm come, the contractors were to replace the trees. However, Mr. Diaz Padron stated that did not see that happening. Mr. Diaz Padron also inquired as to whether the contractor will replace the trees that snapped or whether the City will incur an additional cost to replace them. For example, he stated that on Alhambra south of Bird to US 1 newly planted mahoganies did not fare well and all snapped, and he wanted to know who would incur the cost to replace those trees. Mr. Diaz Padron stated that he did not understand why some of the trees planted as part of the tree succession program did not make it.

Mr. Ruiz stated he will follow-up with the City's landscaping department as to whether the contractor who planted the mahogany trees that snapped is responsible for replacing them.

Mr. Blough referenced the dispute the City has with FPL and stated that the City of Weston while being developed placed underground wires. He also stated that the expense to place wires underground has come up over numerous times over the years; however, there has not been any movement by the City in having the wires placed underground. He acknowledged that the City does have a lot of trees and that the City has to come up with a better plan because storms are inevitable.

Ms. Elejabarrieta stated that on September 26th, a presentation was made to the Commission regarding the cost and the pros and cons of placing wires underground. She also advised that the Commission is studying that option.

Mr. Diaz Padron stated that one of his neighbors called FPL requesting that FPL trim that neighbor's Brazilian Pepper tree and the neighbor was told by FPL that they are no longer taking individual requests to trim trees. FPL told his neighbor that they will pass by and determine how to proceed, however they never passed by. Mr. Diaz Padron stated that this tree caused damage during Hurricane Irma.

Mr. Diaz Padron asked about the City's insurance broker history since 2009. Mr. Diaz Padron expressed that he and other Committee member had concerns about having a single broker handling both property and liability. Mr. Diaz Padron stated that during the current insurance renewals, Mr. Reshefsky pushed significantly on the property side to get better rates and, as a result, the broker came back with better rates for the City. According to Mr. Diaz Padron, this raises the question of how much pushing does the Committee need to do in order to get the best price from the broker especially when the broker comes to a meeting in the final stages of the insurance renewal process. Mr. Blough stated because Arthur J. Gallagher has the City's entire insurance program, they have more flexibility because they are handling more dollars. Mr. Diaz Padron stated that that still does not answer the question of why the rate reduction was only achieved after the Committee asked the broker to negotiate a better deal. Mr. Diaz Padron advised that he was surprised when the broker came back with lower premiums and wanted to have a conversation regarding the history of the broker with the City.

Mr. Ruiz explained that in 2009, Aon was the insurance broker for the May 1, 2009- May 1, 2010 renewal period for the following coverages: Property, Crime, Statutory AD&D, Travel Accident and Public Officials and Arthur J. Gallagher had everything else. For the May 1, 2011 – May 1, 2012 renewal period, Arthur J. Gallagher became the City's sole broker all the insurance coverages and this decision was made as a cost saving measure.

Mr. Diaz Padron stated that part of what happened during 2011 was that there was a very poor response to the RFP. The proposals that the City received did not meet RFP criteria, so the Committee was put in a bind.

Mr. Blough stated that the coverage separation between the 2 brokers (Aon and Arthur J. Gallagher) was a strange separation and that split can create insurance gaps. Mr. Blough stated that he felt that it was okay to split property, liability and benefits but splitting another way would seem strange.

Mr. Ruiz stated that he followed up with George Erickson from Siver (the City's insurance consultant) and asked him if he was aware of any clients that have a two-broker system, where they submit competing quotes for the same coverages. Mr. Erickson advised that he was not aware of any of his clients who do that, but does have clients who split up coverages such as property with one broker and another broker for liability coverage.

Mr. Blough stated a normal split would be property/casualty and benefits. Mr. Soto stated that that is what the current split.

Mr. Soto asked if Arthur J. Gallagher was currently under contract. Ms. Elejabarrieta stated that as a result of an RFP in 2016, they are under contract until 2019 with two renewal options.

Mr. Soto stated that there was not much to do until the expiration of the current contract.

Mr. Reshefsky stated that he believes there is something that can be done. Mr. Reshefsky stated that in 2016 he and David were on the selection committee for the broker selection. Mr. Reshefsky stated that only one proposal was received, which was from Arthur J. Gallagher. The Committee voted to throw out the bid and to go out to re-bid again. However, the City Manager overruled their recommendation and asked that they rescore the RFP and the Committee selected Arthur J. Gallagher, which was the only one who responded. Mr. Reshefsky stated that what he wanted was for there to be some type of RFQ where a short list of brokers would be created and the City would have the ability to go out and get broker competition on certain placements from the different brokers. He felt that under the current system, the City would not have any leverage when it goes out to market. He felt that the only leverage the City had last time was this Committee telling them that their renewal proposal was not acceptable. Mr. Reshefsky stated that if the City does not have any type of broker competition, the broker might come back in April and indicate that the insurance market has changed and the rates have increased significantly. He believes it would be good idea to put out some kind of RFQ for brokers or at least have the broker go out early to market to have some leverage.

Mr. Diaz Padron advised he would like to understand more about the current contract with Arthur J. Gallagher.

Ms. Elejabarrieta stated that it would be best to review contract and cancelation terms. Mr. Diaz Padron stated he understands Mr. Reshefsky point; however he questions why another competing broker would get involved in presenting a competing bid if they are not going to be a viable option as a broker. Mr. Reshefsky stated that the City can issue a RFQ and get different brokers to qualify. Mr. Diaz Padron asked whether this be done with the current contract that the City has with Arthur J. Gallagher. Mr. Reshefsky stated that he believes it can be canceled for inconvenience for the City, if it is in the best interest of the City to cancel and rebid. Mr. Diaz Padron stated that he was not part of the Committee at that time and feels that the City is locked until 2019 with the current contract. Mr. Diaz Padron asked about the current contract extensions. Ms. Elejabarrieta stated the current initial term is through February 2019, with two additional renewal options. Mr. Ruiz stated that it is 2 additional 2 year terms option at the City's option.

Mr. Diaz Padron stated he agrees that Arthur J. Gallagher is not the only broker in town. Mr. Diaz Padron is in favor of exploring what Mr. Reshefsky has outlined.

Mr. Reshefsky stated that Mr. Erickson had given a memo to the Committee regarding other procurement methods for the selection of a broker.

Mr. Blough stated that Arthur J. Gallagher has been good with all the details and they have the experience with cities as large as this city.

Mr. Diaz Padron stated that he is much in favor of competition, which gives the City leverage with any broker. He also stated that he was not trying to single out Arthur J. Gallagher; he believed they have done a good job.

Mr. Reshefsky stated that without having leverage on the broker, the broker will be able to dictate more to the City as to the quotes they will get and from which companies. Mr. Reshefsky believes

there are plenty other insurance companies which will write the city, unless the market is totally turned upside down.

Mr. Soto stated that he believes that nothing can be done until the current contract is reviewed and advised to have the City attorney to review contract.

Mr. Diaz Padron asked about the broker history in 2009 and prior and when the flat fee was put into place. Mr. Ruiz stated that flat fee has been in place for a while. It was \$125,000.00 and now its \$120,000.00. Mr. Reshefsky stated \$120,000.00 is attractive to most brokers to handle a placement of this size. He also does not believe the insurance renewal for the City is that labor intensive.

Mr. Diaz Padron stated that the City also has Mr. George Erickson of Siver Consultants and that he is in the mix for a reason. Mr. Diaz Padron stated that Mr. Erickson is the person the City pays for the experience, if anyone has less municipal clients he is the person the City pay. Mr. Diaz Padron suggests through Ms. Elejabarrieta to ask the City Attorney's office to look at this and set up a meeting with City Attorney's office and the City Manager or representation to be in the same room to discuss the Committee's train of thought.

Ms. Elejabarrieta stated that the Committee can make a recommendation and then her office will review the recommendation and either agree or disagree with the Committee's recommendation. Mr. Diaz Padron stated that he was asking the city attorney's office to give us an answer of what the City's options are in regards to Arthur J. Gallagher's contract, which does not expire until 2019. Ms. Elejabarrieta stated that she would review the contract and provide an answer to the Committee members via e-mail. Mr. Diaz Padron stated that based on that answer the Committee would review the available options. Ms. Elejabarrieta advised that assuming the City can get out of the contract; the Committee can make a recommendation, which will go through her office. Then her office will make a recommendation and send such to City Manager's office.

Mr. Reshefsky assumed that Raquel is correct reference contract, and opined that it would be best for her office or procurement to look at what other options can be used. Ms. Elejabarrieta stated that she assumes that the contract stays in place through this process. Ms. Elejabarrieta stated she needs more time to opine regarding any options available regarding the current contract and would like to review why in 2016 Arthur J. Gallagher was only one who submitted a proposal. Mr. Diaz Padron advised that the RFP development is a huge deal in that it affects who responds to the RFP.

Mr. Reshefsky stated that it would be wise if Arthur J. Gallagher could come in December or January and lock in the City's rates instead of waiting until April or May when the market could be changing. Ms. Elejabarrieta stated Arthur J. Gallagher was coming in November so that issue can be addressed at that time.

Mr. Blough asked who will be doing recap after the storm. Ms. Elejabarrieta stated it would be her office. David Ruiz stated regarding a City tree falling on private property, that he had emailed Mr. Diaz Padron back that there is a right of entry form that must be completed for the City to remove a City tree on private property and that the City was not accepting liability for damage done to private property. Ms. Elejabarrieta stated the City is removing those City trees that did fall onto private property when requested by the resident. Mr. Ruiz advised calls and emails received are being responded in a timely manner.

Mr. Diaz Padron stated that he wanted to start the conversation on the city's property schedule. It has been something that has been thought of but has not progressed and it is not going to be done in just one sitting. Mr. Ruiz advised that an on-site appraisal will hopefully be conducted sometime during the second part of the fiscal year. Mr. Ruiz advised that there have been additions of, seawalls, fountains, entrances and pump stations to the statement of values.

Ms. Elejabarrieta asked the Committee what was the reasoning in regards to reviewing the City's property schedule and its goal. Ms. Diaz Padron stated it has been a concern of Mr. Reshefsky, which was brought to his attention and he agreed. Mr. Reshefsky advised that one thing that came to mind is that there are City assets that the City does not insure (e.g., building leased by third parties) and whether the tenants are responsible for the insurance. Mr. Reshefsky asked if the City property has been appraised in recent years. Ms. Elejabarrieta stated that it was re-indexed last year, which does not include the Biltmore or library in the statement of values because those tenants are responsible for the insurance. She also stated we do have a system in place where we receive and insurance renewal of City property insured by tenants 30-60 days prior to insurance being set for expiration and a statement of value sheet as well as a list of all our leased properties. Mr. Ruiz stated that the City conducts a yearly review of the statement of values, which is conducted by the Public Works Facility Maintenance Division.

Ms. Diaz Padron asked about the insurance for the Biltmore. Mr. Ruiz stated that they are currently current on the property insurance. Ms. Elejabarrieta asked if Mr. Ruiz knew off of top of his head what are the insurance requirements, he stated that he did not. Mr. Diaz Padron asked if the City set the insurance requirement and he was advised yes, it is part of the agreement.

Mr. Blough asked about docks and piers, which is difficult to access for flood potential. Mr. Ruiz stated that recently sea walls and docks were added to the statement of values.

Ms. Elejabarrieta stated she would send the statement of values via email first week of November, which can then be discussed during the November meeting.

### **Wellness Dollars**

Mr. Kenny Ingersoll, Compensation and Benefit Manager, was introduced by Ms. Elejabarrieta. Mr. Ingersoll stated wellness dollars to date in account at this time - \$128,532.00. He stated that the City's insurance consultant for benefits is Robert Shafter and the City was currently waiting for him to provide a strategic plan which will be used as a road map moving forward on how those dollars will be used to benefit the City's employees. Mr. Reshefsky stated that one of the things the Committee asked in a meeting was if the dollars do not have many restrictions, whether the City can hire a wellness person with those monies. Mr. Reshefsky asked if the City has such a person on staff now, and Mr. Ingersoll advised that the City did not. Mr. Ingersoll advised that part of the strategic plan is working with Mr. Shafter and focusing on the best way to use those dollars not only for safety and health of our employees, but also how that can help decrease the City's overall premiums. Mr. Ingersoll stated that the City's goal is to catch things earlier. He also stated that there was a 2 percent decrease in premiums. Mr. Ingersoll stated that the City would like to get more people involved with insurance, getting checkups and follow-ups in order to attend to things when they are smaller before they grow into big claims. The City's overall goal is to drive down benefits cost for the employees.

Mr. Diaz Padron asked if Committee had anything else. Mr. Bough asked if the HSA was now in place. Mr. Ingersoll stated that at this time it was not, but that the City was looking into it.

**ADJOURNMENT**

The meeting was adjourned at 09:07am.

DRAFT